

London Borough of Hammersmith & Fulham

Report to: Pension Fund Committee

Date: 23 November 2021

Subject: Pension Fund Quarterly Update Pack

Report of: Patrick Rowe, Pension Fund Manager

Executive Summary

1.1 This paper provides the Pension Fund Committee with summary of the Pension Fund's:

- a. overall performance for the quarter ended 30 September 2021;
- b. cashflow update and forecast;
- c. assessment of risks and actions taken to mitigate these.

Recommendations

1. The Pension Fund Committee is recommended to note the update.
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Wards Affected: None

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none">• Being ruthlessly financially efficient	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and the council tax-payer.

Financial Impact

- None

Legal Implications

- None
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Verified by Phil Triggs

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

1. LBHF Pension Fund Quarterly Update – Q2 2020/21

- 1.1. This report and attached appendices make up the pack for the quarter two (Q2) ended 30 September 2021. An overview of the Pension Fund's performance is provided in Appendix 1. This includes administrative, investment, and cash management performance for the quarter.
- 1.2. Appendix 2 contains the Pension Fund's report on the latest updates with regard to the integration of the environmental, social and governance (ESG) factors as part of its investment strategy.
- 1.3. Appendix 3 provides information about the Pension Fund's investments and performance. The highlights from the quarter are shown below:
 - Overall global markets performance was relatively flat with investors growing increasingly concerned with rising inflation. UK equities delivered a positive return, outperforming overseas markets.
 - Overall, the investment performance report shows that over the quarter to 30 September 2021, the market value of the assets increased by £16.2m to £1,276.8m.
 - The Fund was in line with its benchmark net of fees by delivering a return of 1.7% over the quarter to 30 September 2021, and the estimated funding level was 94.0% as at 30 September 2021.
 - Over the year to 30 September 2021, the fund overperformed against its benchmark by 1.6%, returning 14.3% overall.
 - The highlights over the quarter to 30 September 2021 came from the Aberdeen Long Lease Property Fund, and Partners Group across both the MAC and Infrastructure funds, outperforming the relevant benchmarks.
- 1.4. The Pension Fund's cashflow monitor is provided in Appendix 4. This shows both the current account and invested cash movements for the last quarter, as well as cashflow forecasts to 30 June 2022. An analysis of the differences between the actuals and the forecasts for the quarter is also included.
- 1.5. Appendix 5 contains the Pension Fund's Risk Registers.
- 1.6. Appendix 6 contains the Pension Fund's Breaches of the Law log.

2. Risk Management Implications

2.1 This is included in the risk registers.

3. Other Implications

3.1. n/a

4. Consultation

4.1. n/a

List of Appendices:

Appendix 1: Scorecard at 30 Sep 2021

Appendix 2: Pension Fund ESG Report

Appendix 3a: Deloitte Quarterly Report for Quarter Ended 30 Sep 2021

Appendix 3b: Deloitte Quarterly Report for Quarter Ended 30 Sep 2021 (EXEMPT)

Appendix 4: Cashflow Monitoring Report

Appendix 5: Pension Fund Risk Registers

Appendix 6: Breaches of the Law Log

Scorecard at 30 June 2021

London Borough of Hammersmith and Fulham Pension Fund Quarterly

Monitoring Report

	Mar 21 £000	Jul 21 £000	Aug 21 £000	Sep 21 £000	Report reference
LIABILITIES					
Value (£m)	1, 213.2	1,266.5	1,289.1	1,276.8	IRAS reports
% return quarter	2.93%	2.39%	4.49%	1.7%	
% return one year	21.89%	15.07%	15.15%	14.1%	
LIABILITIES					
Value (£m)	1,288			1,361	BW funding update
Surplus/(Deficit) (£m)	(71)			(85)	
Funding Level	95%			94%	
MEMBERSHIP					
Active members	4,467			4475	Reports from Surrey not requested for June
Deferred beneficiaries	5,914			6218	
Pensioners	5,368			5608	
Active Employers	52			57	
CASHFLOW					
Cash balance	1,700	4,627	6,377	8,565	Appendix 4
Variance from forecast	240	2,997	4,747	7,068	
RISK					
No. of new risks	0	0	0	0	Appendix 5: Risk Register
No. of ratings changed	0	0	0	8	
LGPS REGULATIONS					
New consultations	None	None	None	None	
New sets of regulations	None	None	None	None	